

# **Exhibit 16**



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## Billionaire Claims Vale Knew Guinea Mining Deal Was Corrupt

By **Caroline Simson**

Law360 (May 26, 2020, 7:57 PM EDT) -- Israeli billionaire Beny Steinmetz is claiming that new evidence recently uncovered by the Israeli private intelligence agency Black Cube in his long-running dispute with Vale SA over a doomed Guinean mining project shows that the Brazilian miner knew about the alleged fraud underpinning the deal from the beginning.

Steinmetz told a New York federal court on Thursday that this new evidence undermines a narrative put forward by Vale, one of the world's largest mining companies, that it was fraudulently induced to invest in the joint venture by Steinmetz's company, BSG Resources Ltd. The project in the Simandou regions of Guinea is believed to hold one of the world's largest untapped deposits of iron ore.

Vale had secured a \$1.2 billion arbitral award from a London tribunal in April 2019 following the dispute, an award it's now trying to enforce. Separately, the miner has initiated litigation in England specifically targeting Steinmetz and related entities, accusing them of fraudulently inducing Vale to enter into the joint venture by misrepresenting that the mining rights were untainted by corruption.

But Steinmetz argues that new evidence uncovered by Black Cube over the last few months shows that Vale already believed that BSG Resources had obtained the mining rights through bribery, and that it decided to enter into the deal anyway.

Among the allegedly new evidence obtained by Black Cube investigators is a statement by Vale's former executive director, Jose Carlos Martins, that Vale believed, and indeed was told by other mining corporations, that "something was wrong" with the way BSG Resources had obtained the mining rights in Simandou prior to entering into the deal, according to a transcript of a conversation Martins had with a Black Cube agent that was included in court filings.

"Throughout its filings, Vale portrays itself as an innocent victim of fraud at the hands of others when, in fact, new and credible evidence shows that the opposite is true: Vale always believed that there were corruption risks associated with entering into the JV agreement — namely, that there were issues surrounding [BSG Resources'] procurement of the mining rights — and intentionally 'turned a blind eye,' because the mining rights were so imperative to Vale strategically," according to the petition.

Steinmetz is asking the New York court to order Vale and Rio Tinto PLC, the former owner of the Guinean mining rights, to turn over information he intends to use to support his defense in the U.K. proceedings.

He says that this new evidence is "likely to form a basis" on which BSG Resources could try to overturn the arbitral award. BSG Resources lost a challenge it had lodged against the award in England last year in a ruling that Vale has said cannot be appealed.

A New York court **enforced the award**, worth more than \$2 billion with interest, soon thereafter.

Steinmetz's attorneys declined to comment on the petition on Tuesday.

Rio Tinto has already told the court that it intends to fight Steinmetz's petition. In a Monday letter, the company argued that the discovery he's seeking "is overbroad, largely unrelated to the litigation in England, and appears primarily to be an attempt to create a distraction."

The company alleged that based on statements Steinmetz has given to the media, the proceeding appears to be aimed at publicizing documents through a U.S. public court docket rather than obtaining discovery for the U.K. proceedings.

"Further, the broad discovery Mr. Steinmetz seeks substantially exceeds the scope of the litigation in England, suggesting that his motives in obtaining this information may be other than using them against Vale in the English proceeding — a concern heightened by Mr. Steinmetz's comments in the press coverage surrounding this application stating that this application was part of an effort to get an arbitral tribunal to reopen an award it issued against his company," Rio Tinto told the court.

Cleary Gottlieb Steen & Hamilton LLP partner Jeffrey A. Rosenthal, representing Vale, told Law360 that the issues raised by Steinmetz in his petition were already addressed by the arbitral tribunal.

"He's looking to relitigate what the arbitrators already decided," he said.

In the English proceeding, Vale is seeking about \$1.26 billion in damages, representing the \$500 million plus \$746 million more it invested in the JV later. The company is also trying to identify and recover the traceable proceeds of its \$500 million payment to BSG Resources.

The joint venture ran into trouble in April 2014, when a new government in Guinea revoked the mining rights that had been granted to the venture amid accusations that BSG had engaged in bribery and misconduct.

Vale initiated proceedings against BSG Resources before the London Court of International Arbitration, while BSG Resources initiated arbitration of its own against Guinea before the International Centre for Settlement of Investment Disputes. Steinmetz told the New York court in his petition last week that BSG Resources and Guinea had settled the dispute, and that the African nation had waived all claims and allegations against the company.



The LCIA proceeding resulted in the \$1.2 billion award.

Steinmetz is represented by Michael S. Kim, Josef M. Klazen, Robin Rathmell, Victoria R. Morris and Carolina Leung of Kobre & Kim LLP.

Rio Tinto is represented by James H. Mutchnik of Kirkland & Ellis LLP.

Vale is represented by Jeffrey A. Rosenthal of Cleary Gottlieb Steen & Hamilton LLP.

The case is In re: Application of Benjamin Steinmetz, case number 1:20-mc-00212, in the U.S. District Court for the Southern District of New York.

--Editing by Orlando Lorenzo.